

# AHCCCS fact sheet: Medicaid and AHCCCS Acute Care

Medicaid (Title 19) was established by Congress in 1965 to improve health care for low-income families through a system operated by states using federal matching dollars. Arizona was the last state to implement Medicaid (AHCCCS). The program originally covered only acute care services. Acute care generally means the medical services covered by AHCCCS.

## WHO QUALIFIES

Under Medicaid, there are mandatory and optional eligibility groups:

**Mandatory:** Includes individuals covered under Section 1931 of the Social Security Act, also referred to as AHCCCS for Families with Children; SOBRA (for pregnant women, infants and children); SSI and related groups (Supplemental Security Income for aged, blind and disabled); Medicare cost-sharing groups such as Qualified Medicare Beneficiaries, Specified Low-income Medicare Beneficiaries and Qualified Individuals; TMA (Transitional Medical Assistance); and Federal Emergency Services for undocumented or some legal immigrants.

**Optional:** Freedom to Work (for individuals with disabilities); Breast and Cervical Cancer (under age 65); SOBRA Family Planning; and groups related to the passage of Proposition 204.

## ELIGIBILITY

The Arizona Department of Economic Security determines eligibility for most groups. AHCCCS determines eligibility for the SSI-Medical Assistance Only population, the Medicare cost-sharing groups, Freedom to Work, Breast and Cervical Cancer, SOBRA Family Planning and FES. The Social Security Administration determines eligibility for SSI cash recipients.

An applicant must provide proof of income; any other insurance; a Social Security Number or legal immigration documents; and verification of resources for some groups. Specific documentation varies by group.

All applicants must be Arizona residents.

## ENROLLMENT AND DEMOGRAPHICS

Acute care enrollment represents approximately 90 percent of the AHCCCS population. Growth in calendar year 2004 was approximately 9.9 percent, and is projected to be 2.1 percent for State Fiscal Year 2006 (beginning July 1, 2006).\*

The overall AHCCCS program provides health care coverage to approximately 18 percent of Arizona's population.

The demographic makeup of the population is predominantly younger; more Hispanic than White; and largely urban.\*\*

\*As of Jan. 1, 2005, the acute care enrollment was 960,395, if the Medicare Cost Sharing groups are included. The acute care population declined in December 2004 and January 2005 after reaching a high of 969,763 in November 2004. Average length of enrollment varies by eligibility group.

\*\* As of December 2004/January 2005, 51.8 percent of acute care members were 18 years of age or younger; 43.9 percent were between 19 and 64 years of age; 4.3 percent were over age 65. 48.5 percent were male and 51.5 percent were female. 46.5 percent were Hispanic; 32 percent were White; 11.8 percent were Native American; and 5.9 percent were African American. "Other" made up the remaining 3.8 percent. Of the acute care population, 69.5 percent lived in Maricopa or Pima counties and 30.5 percent lived in rural counties.



## BACKGROUND

Medicaid was established in Arizona after a fiscal crisis among the state's counties threw into question whether they could continue the responsibility of both operating and funding the state's health care system for low-income families. In 1982, the federal government approved an 1115 research and demonstration waiver that allowed Arizona to establish AHCCCS as a managed care model that was more cost-effective than traditional Medicaid. The current waiver is set to expire Sept. 30, 2006. Renewal preparations are underway.

While AHCCCS only covered acute care services in the beginning, long term care was added in 1989 and behavioral health was phased in from 1990 through 1993. Other programs followed.

Over the years, Congress has expanded Medicaid by adding other coverage groups. Even so, Medicaid has primarily targeted low-income children and families, and pregnant women. The coverage possibility is more limited coverage for single or childless adults.

## BUDGET

The following expenditures or projected amounts include monies for children rehabilitative services, behavioral health services and a supplemental budget estimate for SFY 2005.\*

|                | SFY 2004 actual  | SFY 2005 projected | SFY 2006 requested |
|----------------|------------------|--------------------|--------------------|
| <b>Federal</b> | \$ 2,528,593,900 | \$ 2,906,750,500   | \$ 3,195,757,400   |
| <b>State</b>   | \$ 989,994,700   | \$ 1,273,700,300   | \$ 1,462,362,200   |
| <b>Total</b>   | \$ 3,518,588,600 | \$ 4,180,450,800   | \$ 4,658,119,600   |

### EXPENDITURES BY CLAIM FORM TYPE

10/1/02-9/30/03

|                              |                  |       |
|------------------------------|------------------|-------|
| Professional services        | \$ 1,099,420,975 | 43.0% |
| Pharmacy                     | \$ 282,271,707   | 11.1% |
| Dental services              | \$ 82,216,159    | 3.2%  |
| Inpatient services           | \$ 776,773,802   | 30.4% |
| Outpatient hospital services | \$ 302,320,965   | 11.8% |
| Long term care services      | \$ 11,014,848    | 0.4%  |

**Total: \$ 2,554,018,456 100%**

## VALUE OF SERVING POPULATION

Serving this population avoids millions of dollars in uncompensated care costs, especially by emergency rooms and inpatient hospitals; increases dollars for the state's health care economy; improves the health of low-income newborns, children and families; helps families and individuals maintain financial stability; and allows people with disabilities to go back to work and keep health care coverage; and helps schools provide disabled children with some health care services.\*\*

\*It is estimated that in SFY 2005, the acute care population will account for 72.6 percent of AHCCCS expenditures, and will represent approximately 90 percent of the total AHCCCS population.

In addition to the monies listed in the budget table above, AHCCCS funds covered services provided by schools to some Medicaid-eligible children through a Medicaid program in the public schools.

\*\*By serving this population, the state also meets its mandate under Arnold vs. Sarn (behavioral health services) and Proposition 204 (services to those with incomes at or below 100 percent of the Federal Poverty Level).